

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
National Exchange Carrier Association, Inc.)	WC Docket No. 05-29
Report on Timing of NECA Pool True-Up)	
Submissions and FCC Form 492 Interstate)	
Earnings Monitoring Reports)	

**REPLY COMMENTS OF
THE NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION
THE ORGANIZATION FOR THE PROMOTION AND ADVANCEMENT OF
SMALL TELECOMMUNICATIONS COMPANIES
THE INDEPENDENT TELEPHONE AND TELECOMMUNICATIONS
ALLIANCE
THE WESTERN TELECOMMUNICATIONS ALLIANCE
THE UNITED STATES TELECOM ASSOCIATION**

The National Telecommunications Cooperative Association (“NTCA”); the Organization for the Promotion and Advancement of Small Telecommunications Companies (“OPASTCO”); the Independent Telephone and Telecommunications Alliance (“ITTA”); the Western Telecommunications Alliance (“WTA”); and the United States Telecom Association (“USTA”) (collectively, the “Associations”)¹ hereby file these Reply Comments with respect to the Report filed by the National Exchange Carrier Association, Inc. (“NECA”) in the above-captioned matter.²

¹ The Associations are membership organizations that collectively represent nearly all rate-of-return rural incumbent local exchange carriers (RLECs) providing service in the United States. Most of the Associations’ members participate in the interstate access tariffs and revenue pools administered by NECA, and are therefore significantly interested in any actions that the Commission may take with respect to NECA’s pooling processes.

² Report on Timing of NECA pool True-Up Submissions and FCC Form 492 Interstate Earnings Monitoring Reports, WC Docket No. 05-29, *Public Notice*, DA 05-323 (rel. Feb. 4, 2005) (*Report*).

NECA's *Report* provides reasonable and practical suggestions that, if adopted, will help resolve timing issues identified in the Commissioner's November 30, 2004 *Order* in WC Docket No. 04-372. These include converting the current rolling 24-month pool adjustment window to a calendar year basis, and conforming the date for submitting final Form 492 earnings monitoring reports with the date for submitting final Interstate Common Line Support (ICLS) and Local Switching Support (LSS) true-ups. NECA explains that moving the filing date for final pool earnings reports from September 30 of the year following a monitoring period to January 31 of the second year following the monitoring period would significantly reduce the need for post-filing corrections and improve the overall accuracy of final earnings monitoring reports.

AT&T acknowledges the potential benefits of aligning NECA pool reporting with existing calendar year ICLS and LSS studies, as well as the logic of conforming the date for filing final Form 492 Reports to this schedule.³ While GCI also agrees that the timing of pool true-ups and ICLS and LSS true-ups should be consistent, it asserts that NECA's *Report* contains "no explanation" as to why companies cannot complete all cost studies in time to meet the current September date for Form 492 reports. GCI goes so far as to suggest that, instead of conforming the date for earnings monitoring reports to the ICLS and LSS schedule, the Commission should instead move the date for filing final support true-up data to conform to the current schedule for filing final Form 492 reports.⁴

³ AT&T at 4.

⁴ GCI at 6-9.

I. DISCUSSION

The Associations support NECA's proposal to change existing pool settlement procedures to conform to a calendar-year adjustment cycle. This will synchronize the pool data reporting schedules with the schedule for final ICLS and LSS true-ups, as established by the Commission in its Third Order on Reconsideration in the MAG proceeding. With both pooling and support true-up data final and available in December of the year following a study year, it makes logical sense to permit NECA to file final earnings monitoring reports the following month.

GCI's arguments to the contrary are based on the premise that it is reasonable to expect all rate of return carriers in all cases to submit final cost studies and ICLS and LSS true-ups in time to be reflected in a September Form 492 Report. But the Commission reached precisely the opposite conclusion in the MAG proceeding less than two years ago, when it correctly recognized that requiring rate-of-return companies to submit support true-up data by July of the year following a study period would impose undue burdens on them.⁵ GCI provides no basis for the Commission to reverse its earlier findings in this regard.

GCI also ignores the extensive information provided with NECA's *Report* that explains the data gathering and analysis tasks necessary to complete cost studies, the extent to which smaller companies must rely on outside accountants and consultants for assistance with these activities, and the reasons why, in some years, some companies

⁵ *Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent LECs and IXC's*, Third Order on Reconsideration, FCC 03-106 (released May 8, 2003).

cannot complete these tasks on time.⁶ The Associations agree with NECA that improvements in cost study submission statistics are possible, and that every reasonable effort should be made to assure that studies are completed in time for inclusion in pool earnings reports.⁷ The fact remains, however, that some companies, in some years, face circumstances that prevent them from doing so.

The Associations are particularly concerned about any proposal to shorten cost study submission timelines in light of announced Commission plans to conduct hundreds of full-scale universal service support audits in coming years. NECA's *Report* explains that a key factor complicating the cost study completion process is the need for small company managers and engineers to respond to technical and financial information questions from accountants and consultants.⁸ These requests can only be expected to increase for companies selected for Commission audit. Diverting the necessary resources to respond to increased demands for audit data will only make it more difficult for some companies to complete cost studies on a timely basis in coming years.⁹

⁶ *Report* at 14-19. Consulting firms JSI, TCA, and GVNW provided detailed examples of complexities involved in cost study activities that sometimes delay completion of studies. GCI fails even to mention, let alone rebut, this information.

⁷ NECA's *Report* explains that, in order for cost study data to be included in a September 492 filing, it must be submitted in time for the August pooling cycle. To accomplish this, NECA procedures state that cost studies should be submitted by the end of July. Thus, a requirement to complete all true-ups in time to meet a September reporting deadline would typically allow only a seven-month window for completion of all the necessary studies.

⁸ *Report* at 17; Attachment A at A-2.

⁹ GCI also makes a number of other demands in its comments that relate to the NECA tariff preparation process and other matters relating to NECA's administration of the access charge pools. We understand that NECA is taking steps to improve its tariff filing documentation to satisfy concerns identified by GCI. The Associations oppose, however, GCI's suggestion that the Commission require NECA to submit annual reports detailing overearnings and the amounts of any refunds or settlements reached with individual carriers. Such agreements should be treated as confidential and not subject to public disclosure.

II. CONCLUSION

The Associations urge the Commission to adopt the suggestions set forth in NECA's *Report*. These include revising the current 24-month rolling pool adjustment window with a calendar-year adjustment mechanism and revising the deadline for Form 492 data submission to January of the second year following a monitoring period. Adopting these changes will align pool true-up submissions with ICLS and LSS data true-ups, and substantially increase the accuracy of pool earnings monitoring reports.

Respectfully submitted,

**NATIONAL TELECOMMUNICATIONS
COOPERATIVE ASSOCIATION**

By: /s/ L. Marie Guillory
L. Marie Guillory
Vice President, Legal and Industry

Jill Canfield
Senior Regulatory Counsel

Its Attorneys
4121 Wilson Boulevard, 10th Floor
Arlington, VA 22203
(703) 351-2000

**ORGANIZATION FOR THE PROMOTION
AND ADVANCEMENT OF SMALL
TELECOMMUNICATIONS COMPANIES**

By: /s/ Stuart Polikoff
Stuart Polikoff
Director of Government Relations

21 Dupont Circle, N.W., Suite 700
Washington, DC 20037
(202) 659-5990

**INDEPENDENT TELEPHONE AND
TELECOMMUNICATIONS ALLIANCE**

By: /s/ David W. Zesiger
David W. Zesiger
Executive Director

1300 Connecticut Avenue, N.W.
Washington, DC 20036
(202) 775-8116

**WESTERN TELECOMMUNICATIONS
ALLIANCE**

By: /s/ Gerard J. Duffy
Gerard J. Duffy, Counsel
Blooston, Mordkofsky, Dickens, Duffy &
Prendergast

2120 L Street, N.W., Suite 300
Washington, DC 20037
(202) 659-0830

UNITED STATES TELECOM ASSOCIATION

By: /s/ James W. Olson
James W. Olson
Indra Chalk
Robin Tuttle

Its Attorneys

1401 H Street, N.W., Suite 600
Washington, DC 20005
(202) 326-7269

CERTIFICATE OF SERVICE

I, Rita H. Bolden, hereby certify that a copy of the foregoing Reply Comments of The National Telecommunications Cooperative Association (“NTCA”); the Organization for the Promotion and Advancement of Small Telecommunications Companies (“OPASTCO”); the Independent Telephone and Telecommunications Alliance (“ITTA”); the Western Telecommunications Alliance (“WTA”); and the United States Telecom Association (“USTA”) in WC Docket No. 05-29, DA 05-323 was sent by first class United States mail, postage prepaid, or via electronic mail on this, the 25th day of March, 2005, to the following persons.

By: /s/ Rita H. Bolden
Rita H. Bolden

Chairman Kevin J. Martin
Federal Communications Commission
445 12th Street, SW, Room 8-B201
Washington, DC 20554

Richard A. Askoff, Esq.
National Exchange Carrier Association
80 South Jefferson Road
Whippany, NJ 07981

Commissioner Kathleen W. Abernathy
Federal Communications Commission
445 12th Street, SW, Room 8-B115
Washington, DC 20554

Douglas Slotten
Pricing Policy Division
Wireline Competition Bureau
Federal Communications Commission
445 12th St., SW Room 5-A2333
Washington, DC 20554

Commissioner Jonathan S. Adelstein
Federal Communications Commission
445 12th Street, SW, Room 8-C302
Washington, DC 20554

Leonard J. Cali
Lawrence J. Lafaro
Judy Sello
Mart Vaarsi
AT&T Corp.
Room 3A215
One AT&T Way
Bedminster, NJ 07921

Commissioner Michael J. Copps
Federal Communications Commission
445 12th Street, SW, Room 8-A302
Washington, DC 20554

Best Copy and Printing, Inc.
445 12th Street, SW, Room CY-B402
Washington, DC 20554

John T. Nakahata
Harris, Wiltshire & Grannis LLP
1200 Eighteenth Street, NW
Suite 1200
Washington, DC 20036

Tina Pidgeon
VP- Federal Regulatory Affairs
General Communication, Inc.
1130 17th Street, NW, Suite 410
Washington, D.C. 20036